

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services
Limited Partnership)

BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

For the Three Month Period Ended March 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-10-07

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REBOWE & COMPANY

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CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Westside Transit Lines

(A Division of ATC/Vancom Management Services Limited Partnership)

We have audited the accompanying basic financial statements of Westside Transit Lines (A Division of ATC/Vancom Management Services Limited Partnership) as of March 31, 2006 and for the three month period ended March 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of Westside Transit Lines' management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Westside Transit Lines as of March 31, 2006, and the results of its operations and its cash flows for the three month period ended March 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 4 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2006, on our consideration of Westside Transit Lines' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the

scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Westside Transit Line's basic financial statements. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rebowe & Company

September 28, 2006

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Month Period Ended March 31, 2006

The Management's Discussion and Analysis (MD&A) of Westside Transit Lines' basic financial statements provides an overall review and an objective, easily readable analysis of Westside Transit Lines' financial activities for the period January 1, 2006 to March 31, 2006. The intent of the MD&A is to examine Westside Transit Lines' overall financial performance and to assist readers in assessing its financial position as of March 31, 2006. Therefore, readers should read the MD&A in conjunction with the Basic Financial Statements, including the notes to the financial statements.

The MD&A is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. We have presented our MD&A for the three month period ended March 31, 2006. Comparison with the year ended December 31, 2005 would not result in meaningful comparative financial information.

FINANCIAL HIGHLIGHTS

Total assets are as follows:

Cash and cash equivalents	\$ 51,094
A/R - Due from Jefferson Parish	1,525,632
Insurance - Return of Premium Receivable	<u>80,367</u>
Total Assets	<u>\$1,657,093</u>

Accounts receivable represents operating subsidies due from Jefferson Parish. There was a decrease in accounts receivable which is primarily due to the fact that ATC is only reporting on a partial period.

Total liabilities are as follows:

Accounts payable and due to ATC/Vancom	\$ 991,340
Accrued expenses	<u>522,150</u>
Total Liabilities	<u>\$1,513,490</u>

Accounts payable represents normal payables which accumulated as a result of the delayed receipt of the subsidy from Jefferson Parish.

There were no fare increases during the period January 1, 2006 to March 31, 2006. Ridership revenue decreased compared to 2005 annualized amounts due to a decreased amount of passengers as a result of the continuing effects of Hurricane Katrina. Operating subsidies increased to cover the increase in operating expenses.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Three Month Period Ended March 31, 2006

Passenger revenue	<u>\$ 239,560</u>
Total revenues	<u>\$ 239,560</u>
Operating subsidies	<u>\$1,239,117</u>

There were increases in costs in the following areas:

1. There was an increase in repairs and maintenance expense to prepare buses for the 2006 hurricane season.
2. Liability and health insurance premiums remained high as a carryover from policies purchased in the prior period.
3. Maintenance and operation expenses increased for the installation of a new telephone system.
4. Fuel costs remained high and continued to significantly affect the cost of transportation services.

The following table is a breakdown of current year expenses related to areas previously discussed.

Labor costs	\$ 767,664
Maintenance and operations costs	104,465
Pass through costs	518,297
Management and incentive fee	<u>88,251</u>
Total expenses	<u>\$1,478,677</u>

SUBSEQUENT EVENT

Effective April 1, 2006, Westside Transit will be combined with the former Louisiana Transit East bank service and will operate as one entity, ATC/Vancom, Inc., now doing business as Veolia Transportation. The contract changes from a management contract where all expenses are passed through to Jefferson Parish to a full service contract in which Veolia Transportation is reimbursed on a hourly rate.

REQUESTS FOR INFORMATION

While this report is designed to provide a general overview of the financial condition and operations of Westside Transit Lines, citizens groups, taxpayers, other Parish officials, and creditors may need further details. To obtain such details, please contact Derrick Breun at Westside Transit Lines at (504) 367-7433.

BASIC FINANCIAL STATEMENTS

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
STATEMENT OF NET ASSETS
March 31, 2006

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 51,094
Due from Jefferson Parish	1,525,632
Other receivables	<u>80,367</u>
TOTAL CURRENT ASSETS	<u>1,657,093</u>
TOTAL ASSETS	<u>1,657,093</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	991,340
Accrued expenses	<u>522,150</u>
TOTAL CURRENT LIABILITIES	<u>1,513,490</u>
TOTAL LIABILITIES	<u>1,513,490</u>
NET ASSETS	
TOTAL NET ASSETS	<u>\$ 143,603</u>

The notes to the financial statements are an integral part of this statement.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For the Three Month Period Ended March 31, 2006

OPERATING REVENUES	
Passenger revenue	<u>\$ 239,560</u>
Total Operating Revenues	<u>239,560</u>
OPERATING EXPENSES	
Management fee	88,251
Labor costs	767,664
Maintenance and operations costs	104,465
Pass-through costs	<u>518,297</u>
Total Operating Expenses	<u>1,478,677</u>
OPERATING LOSS	<u>(1,239,117)</u>
OTHER INCOME	
Miscellaneous Income	<u>143,603</u>
Total Other Income	<u>143,603</u>
OPERATING SUBSIDIES	<u>1,239,117</u>
CHANGE IN NET ASSETS	143,603
NET ASSETS	
Beginning	<u>-</u>
Ending	<u><u>\$ 143,603</u></u>

The notes to the financial statements are an integral part of this statement.

WESTSIDE TRANSIT LINES
A Division of ATC/Vancom Management Services Limited Partnership)
STATEMENT OF CASH FLOWS
For the Three Month Period Ended March 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operations	\$ 239,560
Cash paid to employees and for related expenses	(767,664)
Cash paid to suppliers	<u>(721,320)</u>

Net cash used in operating activities	<u>(1,249,424)</u>
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**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES:**

Operating subsidy received from other governments	<u>1,239,117</u>
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Net Decrease in Cash and Cash Equivalents	(10,307)
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Cash and Cash Equivalents - Beginning	<u>61,401</u>
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Cash and Cash Equivalents - Ending	<u>\$ 51,094</u>
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**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED IN OPERATING ACTIVITIES:**

Operating Loss	<u>\$ (1,239,117)</u>
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Adjustments to reconcile operating loss to
net cash used in operating activities:

Decrease in due from Jefferson Parish	655,619
Increase in other receivables	(80,367)
Decrease in prepaid expenses	212,224
Decrease in accounts payable	(1,020,186)
Increase in accrued expenses	78,800
Management Services Limited Partnership	<u>143,603</u>

Total Adjustments	<u>(10,307)</u>
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Net Cash Used In Operating Activities	<u>\$ (1,249,424)</u>
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The notes to the financial statements are an integral part of this statement.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS
For the Three Month Period Ended March 31, 2006

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Westside Transit Lines is a division of ATC/Vancom Management Services Limited Partnership. Westside Transit Lines is 10% owned by ATC Partners LLC and 90% owned by ATC/Vancom, Inc. As a division of ATC/Vancom, Westside Transit Lines operates a public bus transportation system in Jefferson Parish, Louisiana. The system is currently operated under a management agreement between ATC/Vancom and Jefferson Parish.

As part of that agreement, Jefferson Parish subsidizes the operation of the bus system, in amounts necessary for the system to operate at break-even on an annual basis, using a combination of local and federal funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of Westside Transit Lines conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Westside Transit Lines has no governmental or fiduciary funds. Westside Transit Lines' accounts are organized into a single enterprise fund. The enterprise fund (a proprietary fund) is used to account for operations that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense) of providing goods and services to the general public is financed or recovered primarily through user charges or where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net assets is appropriate for capital maintenance.

Westside Transit Lines' principal operating revenues are the fares charged to passengers for service.

Cash Equivalents

Cash equivalents represent highly liquid investments with maturities of three months or less at the date of purchase.

Receivables

Westside Transit Lines uses the allowance method to account for uncollectible receivables. All receivables were fully collectible at year end; therefore, no allowance for uncollectible accounts has been provided.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Three Month Period Ended March 31, 2006

**NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Property and Equipment

All property and equipment used in the operation of Westside Transit Lines is the property of Jefferson Parish. Accordingly, those assets are included in the basic financial statements of the Parish.

Income Taxes

Westside Transit Lines' parent company, ATC/Vancom Management Services Limited Partnership, is not a taxpaying entity for purposes of federal and state income taxes, but is a pass-through entity, with each partner responsible for income taxes on its proportionate share of the partnership's income. As a division of ATC/Vancom, Westside Transit Lines is not a separate legal entity and, therefore, is not a taxpaying entity. Accordingly, these statements contain no provision for federal or state income taxes.

Concentrations of Credit Risk

Financial instruments that potentially subject Westside Transit Lines to concentrations of credit risk consist principally of cash deposits. Westside Transit Lines at times had cash on deposit at financial institutions that is in excess of federally insured limits.

Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2 - MANAGEMENT AGREEMENT

ATC/Vancom Management Services Limited Partnership had an agreement with the Parish of Jefferson under which it will manage the operation of the public transit system on the West Bank of Jefferson Parish from January 1, 2002 through December 31, 2005. This agreement was extended through March 31, 2006 and requires payment of management fees from Jefferson Parish to ATC/Vancom Management Services Limited Partnership of \$338,000 in the first year, and increasing each year to \$353,000 in 2007 plus actual accounting service fees. As compensation for the management of the transit system, ATC/Vancom Management Services Limited Partnership received the following fees from Westside Transit Lines for the contract extension period ended March 31, 2006.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Three Month Period Ended March 31, 2006

NOTE 2 - MANAGEMENT AGREEMENT (CONTINUED)

Management Fee	<u>\$ 88,251</u>
Accounting Services	<u>\$ 9,900</u>

NOTE 3 - SUBSIDIES

Jefferson Parish subsidizes Westside Transit Lines in amounts necessary to operate the system at break-even. For the period January 1, 2006 to March 31, 2006, the Parish provided operating subsidies of \$1,239,117.

NOTE 4 - RELATED PARTY TRANSACTIONS

Incentives are paid directly to Westside Transit Lines who in turn remit them to ATC/Vancom. There were no incentive fees earned by Westside Transit lines and payable to ATC/Vancom for the period January 1, 2006 to March 31, 2006.

NOTE 5 - PENSION PLAN

Westside Transit Lines has a defined contribution pension plan covering substantially all employees who have completed one year of service. Employee contributions to the plan are based on a percentage of earnings. Westside Transit Lines contributes 150% of each participant's mandatory employee contributions to the Plan. The Plan is administered by Gulf Coast Bank and Trust.

Although it has expressed no intent to do so, Westside Transit Lines has the right to terminate the Plan, subject to certain limitations established in its collective bargaining agreement with the Amalgamated Transit Union. Upon termination, the rights of each participant to the amounts in his employer contribution account would become fully vested.

The total pension cost charged to operations approximated \$67,000 for the period January 1, 2006 to March 31, 2006.

NOTE 6 - UNION AGREEMENT

Westside Transit Lines entered into an agreement with the Amalgamated Transit Union, Division No. 1400, which represents its operators, mechanics, and support personnel, effective from June 1, 2001 through May 31, 2005. This agreement was extended to March 31, 2006.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Three Month Period Ended March 31, 2006

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Westside Transit Lines carries commercial insurance for all types of risk of loss, including, auto, workers' compensation, employee health and general liability. During the year ended December 31, 2002, the auto insurance policy changed from a dollar for dollar coverage to a \$500,000 deductible per occurrence. This change in insurance policy was approved by Jefferson Parish. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. All claims are the responsibility of the contractor as of April 1, 2006; therefore, an amount was not accrued in the current period. All claims prior to April 1, 2006 are the responsibility of Jefferson Parish.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Westside Transit Lines provides certain continuing health care and life insurance benefits for its employees. Substantially all of Westside Transit Lines' employees become eligible for these benefits if they reach normal retirement age while working for Westside Transit Lines. Life and health insurance benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by Westside Transit Lines. Any increase in medical insurance is paid by Westside Transit Lines and the employee. Westside Transit Lines pays 80% of the increase and the employee pays 20% of the increase. Westside Transit Lines pays benefits for retirees in full. Westside Transit Lines recognizes the cost of providing these benefits as an expenditure when paid during the year. At March 31, 2006, 18 retirees, were eligible and receiving such health care benefits. Total premiums paid by Westside Transit Lines on behalf of retirees amounted to \$33,995 for the period January 1, 2006 to March 31, 2006.

NOTE 9 - SUBSEQUENT EVENT

Effective April 1, 2006, Westside Transit will be combined with the former Louisiana Transit East bank service and will operate as one entity, ATC/Vancom, Inc., now doing business as Veolia Transportation. The contract changes from a management contract where all expenses are passed through to Jefferson Parish to a full service contract in which Veolia Transportation is reimbursed on a hourly rate.

SUPPLEMENTAL INFORMATION

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
SCHEDULE OF OPERATING REVENUES AND EXPENSES
For the Three Month Period Ended March 31, 2006

Operating Revenues

Passenger revenue	\$ 239,560
Total Operating Revenues	<u>\$ 239,560</u>

Operating Expenses

Management fee	\$ 88,251
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Labor costs:

Employee benefits	138,645
Employee pension cost	66,955
Salaries and wages	503,101
Taxes - payroll	<u>58,963</u>

Total Labor Costs	<u>767,664</u>
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Maintenance and operations costs:

Education	7,546
Legal and professional fees	11,135
Miscellaneous	17,419
Office expenses	18,635
Shop expenses	9,478
Travel and entertainment	6,886
Uniforms	4,257
Utilities and telephone	28,435
Preventative maintenance	<u>674</u>

Total Maintenance and Operations Costs	<u>104,465</u>
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Pass-through costs:

Automobile and truck expense	167,624
Insurance - group health and life	137,579
Insurance - other	88,467
Maintenance and repairs	81,821
Miscellaneous	26,306
Driver bonuses	<u>16,500</u>

Total Pass-Through Costs	<u>518,297</u>
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Total Operating Expenses	<u>\$ 1,478,677</u>
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See independent auditor's report.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Westside Transit Lines

(A Division of ATC/Vancom Management Services Limited Partnership)

We have audited the basic financial statements of Westside Transit Lines (A Division of ATC/Vancom Management Services Limited Partnership) as of March 31, 2006 and for the three month period ended March 31, 2006, as listed in the table of contents, and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Westside Transit Lines' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westside Transit Lines' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Jefferson Parish, Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Reboue & Company

September 28, 2006

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Three Month Period Ended March 31, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Westside Transit Lines.
2. No reportable conditions in internal control over financial reporting are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Westside Transit Lines, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A Management Letter was not issued for the three month period ended March 31, 2006.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit for the three month period ended March 31, 2006.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Three Month Period Ended March 31, 2006

A. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit for the year ended December 31, 2005.

B. MANAGEMENT LETTER

A management letter was not issued for the year ended December 31, 2005.

WESTSIDE TRANSIT LINES
(A Division of ATC/Vancom Management Services Limited Partnership)
CORRECTIVE ACTION PLAN
For the Three Month Period Ended March 31, 2006

There are no compliance and/or internal control findings as described in the Schedule of Findings and Questioned Costs. Accordingly, there is no corrective action plan required as part of this section.